

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7277

BILL NUMBER: HB 1646

NOTE PREPARED: Jan 12, 2009

BILL AMENDED:

SUBJECT: Loan brokers and Uniform Securities Act.

FIRST AUTHOR: Rep. Burton

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___**GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Pending

Summary of Legislation: Amends the statute concerning the regulation of loan brokers to specify that the law applies to residential mortgage loans. Provides that mortgage loan originators and principal managers must be licensed, rather than registered, by the securities commissioner (commissioner). Reduces the application fees for licensure as a loan broker, mortgage loan originator, or principal manager. Changes the amount of the bond that a loan broker licensee must maintain from \$50,000 to an amount equal to: (1) \$50,000; (2) \$100,000; or (3) \$150,000; depending on the total amount of residential mortgage loans originated by the licensee in the previous calendar year. Requires: (1) licensed mortgage loan originators; (2) licensed principal managers; and (3) certain individuals associated with licensed loan brokers; to submit fingerprints to the commissioner every three years for use in criminal history background checks. Requires an applicant for licensure as a mortgage loan originator or as a principal manager to authorize the commissioner to obtain a consumer report concerning the applicant. Sets forth requirements for the written examination that each applicant for licensure as a mortgage loan originator or as a principal manager is required to take. Requires a licensee to renew the licensee's license annually, instead of biennially. Requires, rather than allows, the commissioner to deny, suspend, or revoke a license under certain circumstances. Increases the criminal penalty for violation of the loan broker statute from a Class D to a Class C felony. Provides that a violation is a Class B felony if the person damaged by the violation is at least 60 years of age. Requires a loan broker licensee to maintain a report of all residential mortgage loans originated by the licensee, including pending loans and loans that were not closed. Prohibits a person, in connection with a contract for loan brokerage services, from: (1) violating certain federal laws and regulations concerning residential mortgage lending; and (2) recommending a residential mortgage loan to a borrower without reasonable grounds to believe that the borrower will have the ability to repay the loan as written. Provides that an individual who acts solely as a loan processor or underwriter shall not represent to the public that the individual may or will perform mortgage loan origination activities. Provides that the academic instruction

that a person must complete to obtain or maintain a license must include specified hours of instruction in certain courses. Requires each loan broker licensee to submit periodic reports of condition to: (1) the commissioner; and (2) the National Mortgage Licensing System and Registry. Amends the uniform securities act to provide that: (1) a registered broker-dealer office that is selected to complete a compliance report shall file its report not later than 45 days (instead of 90 days under current law) after being notified of its selection; and (2) a person who knowingly violates the act while using or taking advantage of a relationship based on religious affiliation or worship commits a Class B felony. Repeals a provision exempting certain persons from the loan broker statute.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.